



# Benefit Focus

Idaho Department of Administration

May, 2002

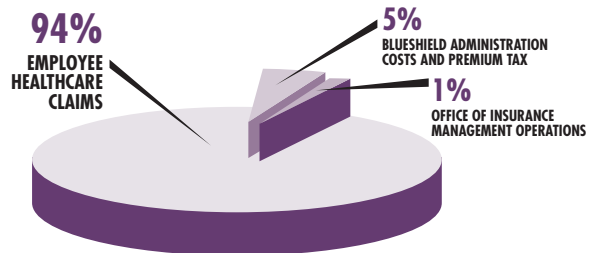
## Do You Know...Where Our Healthcare Plan Premium Dollars Go?

Have you ever wondered how our healthcare premiums are spent? Our healthcare premiums pay for the cost of claims, plan administration and premium taxes.

### And here's how it works

- If more is paid in premiums in any given month than is paid out for claims, the difference is refunded to our State group insurance fund and set aside in a reserve account.
- Conversely, if more is paid out for claims than is paid in premiums, the reserve account is used to cover the difference.

This type of “experience rated” insurance plan is possible because the size of our group (19,000 employees; 3,000 retirees; and 27,300 dependents) allows the State to negotiate this kind of funding arrangement. At the same time, it puts the **responsibility** on the State to ensure that premiums are enough to cover claims. As an employee, you benefit from this plan and share the **responsibility** to the extent you make good choices and decisions when using the services and benefits provided by the plan.



WHAT OUR HEALTHCARE PREMIUMS PAY FOR

## Do You Know...Who Pays Your Healthcare Premiums?

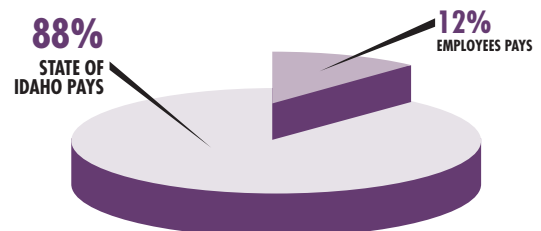
The State of Idaho currently contributes \$369.86 each month (\$4,438 annually) toward the cost of medical coverage for each employee, regardless of the plan the employee chooses.

According to a national research agency, the cost of employee healthcare plans is climbing. In 2001, the average increase was eight percent; in 2002, it was 13 percent. Costs are expected to continue climbing at double-digit rates for the next two years. **Based on actual healthcare claims costs for the past twelve months, we can expect a 23 percent increase in the costs for the BlueShield plans for the 2003 plan year.**

The State of Idaho, as an employer, has been absorbing the lion's share of cost increases. In fact, the State's premiums per person have increased an average of 10 percent each year for the past five years.

**The 2002 Legislature approved an increase of \$235 per employee for the 2003 plan year, bringing the total employer-paid medical premium to \$4,673 per employee, per year.**

However, healthcare costs have risen faster than anticipated when the State created the budget in 2001. When combined with the budget challenges facing the State in the coming fiscal year, the increase will not enough cover all of the healthcare plan cost increases.



WHO PAYS THE PREMIUM?

### Three Major Factors Causing Our Healthcare Cost Increases

1. **PEOPLE ARE USING MORE** healthcare services.
2. **THE COST** of medical services is rising.
3. **THE USE OF PRESCRIPTION DRUGS** is dramatically increasing.

#### More Information Available

- As a result of the increase in Healthcare Costs, there will be changes in our group insurance plan. *The changes will be addressed in the May 2002 Open Enrollment newsletter.*
- Current benefit information is available on the OIM website at <http://www2.state.id.us/adm/insurance/index.htm>



Healthcare Plan Changes Coming

With increasing healthcare costs in Idaho and nationwide, most employers are looking for ways to balance their budgets and to provide benefit coverage that meets the healthcare needs of employees and their families. The State of Idaho is no exception. As a result, the State will need to make changes to employee benefit plans beginning July 1, 2002. Please watch for details in the May 2002 Open Enrollment newsletter.

Employee Information Sharing Meetings

Because of the financial challenges that exist, changes to our healthcare plan are being considered. The State’s goal is to find solutions that continue to meet employees’ needs, and to offer healthcare benefits that are competitive with Idaho’s major employers.

Over the past few weeks, the Office of Insurance Management (OIM) invited randomly selected employees to share their opinions about potential changes at information sharing meetings. The information gathered at these meetings will be evaluated and utilized in making decisions regarding plan design.

Do You Know...How Much Your Prescription Medications Cost?

Control Costs Through Informed Choice of Prescription Medications

A substantial percentage of escalating health care costs is due to the increased use and price of prescription medications. In 2001, prescription drug claims for State employees, retirees and dependents added up to \$25 million. **Only 10% of that amount was for generic drugs.**

State of Idaho employees have the ability to manage rising health care costs by being aware of the cost of their medications. Choosing generic drugs when possible is a simple action that is also an effective means of controlling plan costs.

Here is a comparison of the average cost of a 30-day supply of several common brand name and generic medications:

USE	BRAND NAME	BRAND NAME	GENERIC
Anti-Depressant	Zoloft, \$75	Celexa, \$64	Generic Prozac, \$15
Anti-Inflammatory	Celebrex, \$99	Vioxx, \$84	Voltarin, \$35
Cholesterol Reducer	Pravachol, \$85	Lipitor, \$67	Mevacor, \$60
Gastric Acid Reducer	Prilosec, \$130	Prevacid, \$115	Zantac, \$20

It Pays To Ask About Your Prescription Medications

Always ask your physician or pharmacist about choices in brand name medications and generic alternatives:

- When your doctor prescribes a drug for a limited condition, find out if there are less expensive brands or any generic alternatives.
- Not all drugs have a generic equivalent, but many do. Find out if any of your current medications are available in generic form.
- **Always discuss what is best for you with your physician.**



Saving Money on Prescription Costs Benefits You

Each of us has the ability to control escalating prescription drug costs by choosing less expensive but equally effective drugs or a generic alternative. The healthcare plan will put the money saved into reserves to provide member benefits. By making cost effective choices when filling your prescriptions you are helping to control health care plan costs and assisting in maintaining a valuable healthcare benefit—for you, other employees, retirees and dependent family members.



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This publication presents general benefit information. In the event of any conflict between the information in this publication and the Plan provisions, the Plan documents and insurance contracts will govern.